



AUDITS

- Financial Statements
 - Annual Financial Report in Gateway
- Federal Programs
 - Schedule of Federal Expenditures (SEFA)
- Compliance

INTERNAL CONTROLS

- Objectives include:
 - Operations:
 - Safeguarding of assets
 - Financial Reporting
 - AFR including Grant schedule
 - Compliance with laws and regulations

FINDINGS

- Deficiency in Internal Controls
- Non-Compliance
 - Statute
 - Uniform Compliance Guidelines
 - Local policy
 - Grant Requirements

REPORT OF FINDINGS

- Verbal Comments (MFC)
- Management Letter
- Comments in Audit Report
 - Federal Findings
 - Audit Results and Comments (ARC)

PURPOSE OF FINDINGS

- Need for Resolution
- Understand the problem
- Take corrective action – often requires establishing or modifying internal controls.

REPEAT FINDINGS

- IC 5-11-5-1.5
 - Finding in Report – Take corrective action
 - Finding is repeated in subsequent Report:
 - Corrective Action Plan filed with SBOA
 - Follow up by SBOA

CORRECTIVE ACTION PLAN

- Packet will be given at exit conference
 - Templates
- 10 days to respond
 - Can ask for more time
- Six months to implement
 - Can ask for more time

ROOT CAUSE

- The first step is to fully understand the issue.
- Second step to determine the root cause.
- The power of “Why”

ROOT CAUSE

- Problem – Bank Reconciliation not done.
 - Why – no one completed it
 - Why – no one was assigned to complete it
 - Why- there are no procedures in place to assign the work and monitor the work

CORRECTIVE ACTION PLAN

- Template on website
- Description of the corrective action
- Timeline for implementation
Focus on root cause, not on effect.

CORRECTIVE ACTION PLAN

- SBOA review and approval
- Report when implementation is complete.
- SBOA follow up
 - Send in documents
 - On site follow up

INTERNAL CONTROLS



State Board of Accounts

2018

INTERNAL CONTROLS

- First step was to understand internal control
- Second step is an ongoing process
 - Establish policies (in writing)
 - Modify as needed over time

FIVE COMPONENTS

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

RESOURCES

- Contact Stephanie or Lori
- State Board of Accounts website
 - Internal Control Manual
 - Uniform Compliance Guidelines
 - Best Practices (to be expanded)